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China, Peoples Republic of

Agricultural Situation

Ports of Shenzhen

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Report Highlights:

With China's entry into the WTO, the ports of Shenzhen expect to assume a bigger role in grain handling in South China. The Shekou Port, the Chiwan Port and the Mawan Port are the ones most involved in grain handling.

Includes PSD changes: No
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Overview

The ports of Shenzhen were essential to the development of Shenzhen as the first Special Economic Zone of China. They are crucial to Shenzhen's continuing involvement as a principal trading center in South China. Twenty years ago, Shenzhen was a remote fishing village. As a result of China's economic reform and opening to the outside world, Shenzhen is now one of the wealthiest cities in China.

When Shenzhen was first developed, construction materials were in high demand and trading of construction materials was one of the major businesses of the ports in Shenzhen. Now that the core of the Special Economic Zone is fully developed, most of the ports have switched their business to handling bulk commodities including wheat and soybean. Shenzhen has four large scale flour mills within the city. It consumed 5million tons of grains in 1999 and transported 2.5million tons of wheat to other areas of the nearby Pearl River Delta.

Due to its geographical location and transportation network, Shenzhen is able to reach the fast growing regions in South China such as Hong Kong, Macau, Guangzhou and the Pearl River Delta. The transportation network connects Shenzhen with other parts of China via waterways, highways, railways and airport.

With China's entry into the WTO, the ports of Shenzhen expect to assume a bigger role in grain handling. In fact, some of them expect to become the primary ports for grain import. However, it should be noted that despite the expected increase in grain import, trading and processing in South China, none of the grain trade associations has a representative office in Shenzhen. Among the Shenzhen ports, the ones most involved in grain handling are the Shekou Port, the Chiwan Port, and the Mawan Port.

1. The Shekou Port

The Shekou Port is managed by the China Merchants Shekou Port Service Company Limited. With its headquarters in Hongkong, China Merchants is involved in shipping, port service, warehousing to freight forwarding. Shenzhen is the first Chinese port built with funds raised by an enterprise (rather than funds from the Central Government). It is totally market-oriented. It provides 24-hour receiving and loading services to over 400 domestic and overseas enterprises.

The port covers an area of about 10 square kilometers. It has 600,000 square meters of harbor area, 53,000 square meters of warehouse space and 260,000 square meters of stackyard space. The port has 33 berths, including two 35,000 tonners with water depth of 12.5 meters capable of receiving ships of 55,000 DWT, and one 75,000 tonners with water depth of 15.1 meters capable of accommodating vessels of 100,000 DWT.

To cope with increasing amount of grain transportation, four silos with a capacity of 15,600 cubic meters was built in 1996. And China Merchant plans to add new silos that can store 40,000 tons of grains in the coming year. Last year, the port handled 2.2million tons of grains and soybean meals, a double of the amount of the year before. South China has many feed and flour mills. They require large amount of grain each year. In the past, for various reasons, grains were imported to Northern China and then shipped to

the South. In the near future, with China's entry to the WTO, more enterprises having the authority to import and Shenzhen's superior port services, enterprises in the South will find it more cost effective to import grains through the ports in Shenzhen.

In addition to grain handling, Shekou port remains one of the major ports for the transshipment of chemical fertilizer, bulk cement and bulk iron ore. Container handling accounts for a very small portion of its business.

2. The Chiwan Port

The Chiwan port has 11 fully equipped large and medium berths, a total quay length of 2332.5 metres and a total cargo storage yard area of 357,000 square metres. With an annual throughput capacity of over 9 million tons of cargoes and of 400,000 TEU of containers, the Chiwan Port has become one of the more important ports for import and export in South China. By April 2001, new silos of 60,000 tonnes will be in use and more silos will be built. The port is managed by the Shenzhen Chiwan Wharf Holding Company which is mainly involved in cargo handling, warehousing and transportation services for bulk and general cargo. Fertilizer, grain and constructional materials account for 90% of the turnover.

The Chiwan Port is a first listed port in China. Its management has no interference or financial support from the local government. The company completely relies on its own resources for market development and claims that Chiwan is the best port in China in terms of customer service. It also reports that many countries waive inspection for cargoes loaded in Chiwan. Last year, it handled 600,000 tons of soybean from the U.S. and the volume is expected to be doubled this year. Both of the U.S. and Canadian Grain Councils had visited the Chiwan Port.

In the past, soybean was shipped from North eastern China to the South. Now, with more favorable prices from imported products, traders buy foreign soybean. The port expects to handle 3 million tons of bulk grain this year.

3. The Mawan Port

The Mawan Port has six berths; its annual throughput is 4million tons. The main business of this port is the handling of iron cable which accounts for 54% of the iron supply of Shenzhen. According to the General Manager of the Shenzhen Haixing Harbor Development Company Limited, the Central Government planned to build a wheat treatment center for U.S. wheat within the port. That is why our trade contacts introduced us to this port. ATO Director informed the manager that such a move would be a violation of the U.S.-China Agriculture Agreement signed last year. According to trade sources, about one month after the ATO Director's visit, the Central Government has canceled the plan for the wheat treatment center.

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